

ORIGINAL



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MEMORANDUM

30

TO: Docket Control

FROM: Ernest G. Johnson *EGJ*
Director
Utilities Division

DATE: September 24, 2007

RE: STAFF REPORT FOR WATER UTILITY OF GREATER BUCKEYE, INC. –
APPLICATION FOR EXTENSION OF CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR WATER SERVICE (DOCKET NO. W-02451A-06-0792)

Attached is the Staff Report for Water Utility of Greater Buckeye, Inc.'s application for extension of its existing Certificate of Convenience and Necessity for water service. Staff is recommending approval with conditions.

EGJ:BNC:tdp

Originator: Blessing Chukwu

Arizona Corporation Commission
DOCKETED
SEP 24 2007

DOCKETED BY <i>KK</i>	<i>NR</i>
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Service List for: Water Utility of Greater Buckeye, Inc.
Docket No. W-02451A-06-0792

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

WATER UTILITY OF GREATER BUCKEYE, INC.

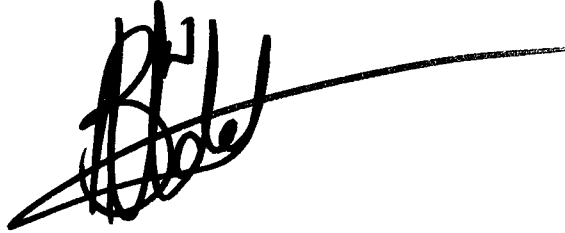
DOCKET NO. W-02451A-06-0792

APPLICATION FOR EXTENSION
OF EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY

SEPTEMBER 24, 2007

STAFF ACKNOWLEDGMENT

The Staff Report for Water Utility of Greater Buckeye, Inc. (Docket No. W-02451A-06-0792) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the Company's application. Katrin Stukov was responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to be 'Blessing Chukwu', with a long horizontal line extending to the right.

Blessing Chukwu
Executive Consultant

A handwritten signature in black ink, appearing to be 'Katrin Stukov', written in a cursive style.

Katrin Stukov
Utilities Engineer

**EXECUTIVE SUMMARY
WATER UTILITY OF GREATER BUCKEYE, INC.
DOCKET NO. W-02451A-06-0792**

On December 18, 2006, Water Utility of Greater Buckeye, Inc. ("WUGB" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service in Maricopa County, Arizona. On July 3, 2007, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the Arizona Administrative Code ("A.A.C.").

By this application, WUGB is seeking Commission authority to add approximately 70.5 acres to the Company's existing certificated area of approximately 4,273 acres. WUGB's certificated area consists of separate parcels in and around the Town of Buckeye, in Maricopa County, Arizona. A minor portion of WUGB's CC&N area is within the Town of Buckeye's boundaries. The requested area is a development known as Montana Vista and consists of 52 lots. Montana Vista is adjacent to a portion of WUGB's certificated area, known as Sun Valley; is located within Section 1, Township 1 North, Range 5 West; and is near the Company's Sun Valley / Sweetwater water system. WUGB provides service to approximately 617 customers.

Based on Staff's review and analysis of the application, Staff believes WUGB's Sun Valley/Sweetwater I water system has adequate source production capacity and inadequate storage capacity; and WUGB's Sweetwater II water system has inadequate production and storage capacity to serve their current customer base. WUGB's Sonoran Ridge and the Bulfer/Primrose water systems have adequate source production capacity and storage capacity to serve their current customer base and a reasonable level of growth.

Staff recommends the Commission approve WUGB's application for an extension of its CC&N within portions of Maricopa County, Arizona, to provide water service, subject to compliance with the following conditions:

1. To require WUGB to charge its authorized rates and charges in the extension area.
2. To require WUGB to file with Docket Control, as a compliance item in this docket, a copy of the franchise agreement from Maricopa County for the requested area, within 365 days of the decision in this matter.
3. To require WUGB to file with Docket Control, as a compliance item in this docket, a copy of the developers' Certificate of Assured Water Supply, within two years of the effective date of the final decision in this application.
4. To require WUGB to file with Docket Control, as a compliance item in this docket, a copy of the Maricopa County Environmental Services Department's ("MCESD") ATC for facilities needed to serve the requested areas within two years of the effective date of an order in this proceeding.

5. To require WUGB to file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the addition of a well or wells with a minimum capacity of 300 GPM to the Sun Valley/Sweetwater I water system, within six months of the effective date of the decision in this case.
6. To require WUGB to file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the addition of a storage tank with a minimum capacity of 16,000 gallons to the Sweetwater II water system, within six months of the effective date of the decision in this case.
7. To require WUGB to file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the interconnect/blending infrastructure for the Sweetwater II water system, within six months of the effective date of the decision in this case.
8. To require WUGB to file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the arsenic treatment systems for Sonoran Ridge water system, within six months of the effective date of the decision in this case.
9. To require WUGB to file with Docket Control, as a compliance item in this docket, a copy of the MCESD Compliance Status Report showing that the Sweetwater II water system is in full compliance and delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, within six months of the effective date of the decision in this case.
10. To require WUGB to file with Docket Control, as a compliance item in this docket, a quarterly status report on the Town of Buckeye condemnation proceeding. The status report shall be filed within 30 days after the end of each calendar quarter and shall continue until further Order of the Commission.

Staff further recommends that the Commission's Decision granting the requested CC&N extension to WUGB be considered null and void after due process should WUGB fail to meet Conditions No. 2, 3, 4, 5, 6, 7, 8, and 9 listed above within the time specified.

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Introduction

On December 18, 2006, Water Utility of Greater Buckeye, Inc. ("WUGB" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service in Maricopa County, Arizona.

On January 16, 2007, the ACC Utilities Division ("Staff") filed an Insufficiency Letter, indicating that the Company's application did not meet the sufficiency requirements of Arizona Administrative Code ("A.A.C.") R14-2-402(C). A copy of the Insufficiency Letter was sent to the Company via U.S. mail. In the Letter, Staff listed the deficiencies that needed to be cured for administrative purposes.

On March 19, 2007, and June 4, 2007, the Company provided additional documentation to support its relief requested.

On July 3, 2007, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the A.A.C.

Background

Water Utility of Greater Buckeye, Inc. is an Arizona Corporation, in good standing with the Commission's Corporation Division, authorized to provide water utility services in and around the Town of Buckeye, Maricopa County, Arizona pursuant to authority granted by the Commission in Decision Nos. 46160 (June 16, 1975), 54121 (July 19, 1984), 41072 (December 28, 1970), 57607 (November 6, 1991), 57742 (February 22, 1992), 57808 (April 22, 1992), 59494 (January 31, 1996), and 62756 (July 25, 2000). WUGB provides service to approximately 617 customers.

The immediate parent company of WUGB is West Maricopa Combine, Inc. ("WMC"). WMC also owns Valencia Water Company, Inc., Willow Water Company, Water Utility of Greater Tonopah, Inc., and Water Utility of Northern Scottsdale, Inc. WUGB, and WMC's ultimate parent company is Global Water Resources, LLC. ("Global"). According to the application, "Global's subsidiaries serve more than 30,000 Arizona customers." WUGB's Officers are Mr. Trevor Hill (the President) and Ms. Cindy Liles (the Secretary and Treasurer). Both Mr. Hill and Ms. Liles are the Directors.

According to the Company's Annual Report for the year ending December 31, 2006, the Company is serving over 600 customers. The Company reported an annual revenue of \$415,331, expenses of \$288,364, and a net profit of \$117,571. WUGB reported \$84,745 in long-term debt as being outstanding.

By this application, WUGB is seeking Commission authority to add approximately 70.5 acres to the Company's existing certificated area of approximately 4,273 acres. WUGB's

certificated area consists of separate parcels in and around the Town of Buckeye, in Maricopa County, Arizona. A minor portion of WUGB's CC&N area is within the Town of Buckeye's boundaries. The requested area is a development known as Montana Vista and consists of 52 lots. Montana Vista is adjacent to a portion of WUGB's certificated area, known as Sun Valley; is located within Section 1, Township 1 North, Range 5 West; and is near the Company's Sun Valley / Sweetwater water system.

The Water System

WUGB operates four separate water systems: SunValley/Sweetwater I (PWS # 07-195), Sweetwater II (PWS # 07-129), Bulfer/Primrose (PWS # 07-114), and Sonoran Ridge (PWS # 07-732). Below is the plant description for each of the four WUGB's water systems:

- SunValley/Sweetwater I water system has one well producing 300 GPM, a 120,000 gallon storage tank, and a distribution system serving approximately 378 customers. The Company is proposing to extend the Sun Valley / Sweetwater I water system to serve the requested area. The water system's existing distribution lines are contiguous to the western border of the Montana Vista development. The Company has predicted an additional 256 connections for the existing CC&N area and 52 connections for the proposed requested area at the end of five years, resulting in a projected total customer base of approximately 686 at the end of five years.¹ Staff concludes the water system has adequate well production capacity, but inadequate storage capacity to serve the existing customer base. WUGB has acknowledged this inadequacy and is proposing to add another well with estimated additional production capacity of 300 GPM and related infrastructure by October 31, 2007. If these production improvements are installed, the total anticipated production capacity of 600 GPM and storage capacity of 120,000 gallons should adequately serve approximately 800 customers (governed by storage capacity).

The requested area's proposed plant facilities will include on-site water lines within the Montana Vista development. The Company submitted Engineer's Estimate with the breakdown of the proposed on-site water distribution system's components and costs at a total projected cost of \$128,915.

The summary of the plant facilities and costs follows:

1.	6-inch water main,	4,961 feet	\$74,415
2.	1-inch Tap Complete,	52 Ea.	\$22,100
3.	Fire Hydrant Complete,	16 Ea.	\$28,800
4.	6-inch V.B&C	6 Ea.	\$ 3,600
TOTAL:			\$128,915

¹ Based on the Company's responses of July 30, 2007 in Docket No. 06-0792.

The Company is proposing to fund the required plant facilities within the requested area by advances in aid of construction through the use of Main Extension Agreements.

Staff concludes that the proposed plant facilities to serve the requested areas and its cost estimate totaling \$128,915 appear to be reasonable. However, no "used and useful" determinations of the proposed plant items were made and no particular treatment should be inferred for rate making or rate base purposes.

- Sweetwater II water system has one well producing 40 GPM, four storage tanks with a total storage capacity of 44,000 and a distribution system serving approximately 93 customers. Staff concludes the water system has inadequate production and storage capacities to serve the existing customer base. In response to the production deficiency issue, WUGB has indicated that this water system has an emergency connection to the City of Goodyear water system. Upon completion of the permanent interconnect infrastructure, the City of Goodyear will provide additional production capacity of 15 GPM to the existing capacity of 40 GPM. In order to resolve storage deficiency, Staff recommends an additional minimum storage capacity of 16,000 gallons. If these production and storage improvements are installed, the production capacity of 55 GPM and storage capacity of 60,000 gallons should adequately serve approximately 100 service connections (governed by storage capacity).
- Bulfer/Primrose water system has one well producing 40 GPM, a 140,000 gallon storage tank, and a distribution system serving approximately 88 customers. Staff concludes the water system has adequate well production and storage capacities to serve the existing customer base and a reasonable level of growth.
- Sonoran Ridge water system has one well producing 150 GPM, a 200,000 gallon storage tank, and a distribution system serving approximately 58 customers. Staff concludes the water system has adequate well production and storage capacities to serve the existing customer base and a reasonable level of growth.

The Maricopa County Environmental Services Department's ("MCESD") Certificate of Approval to Construct ("ATC") for facilities needed to serve the requested area has not been submitted by the Company. Therefore, Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the MCESD ATC for facilities needed to serve the requested areas within two years of the effective date of an order in this proceeding.

Staff also recommends that WUGB file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the addition of a storage tank with a minimum capacity of 16,000 gallons to the Sweetwater II water system, within six months of the effective date of the decision in this case.

Staff further recommends that WUGB file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the addition of a well or wells with a

minimum capacity of 300 GPM to the Sun Valley/Sweetwater I water system, within six months of the effective date of the decision in this case.

Pending Transfer of Assets and Certificate of Convenience and Necessity Application and Condemnation Proceeding

Valencia Water Company, Inc. ("VWC") and WUGB filed a joint application (in Dockets Nos. W-01212A-06-0666 and W-02451A-06-0666) seeking Commission authority to transfer the assets and CC&N of WUGB to VWC. VWC is an Arizona Corporation, in good standing with the Commission's Corporation Division, authorized to provide water utility services in the vicinity of the Town of Buckeye, Maricopa County, Arizona pursuant to the Commission's Decision No. 17778, issued on December 8, 1947. VWC provides service to approximately 3,900 customers and its CC&N area is approximately 7,480 acres. The distance between the VWC and WUGB's CC&N areas ranges from approximately 3 to 8 miles. A majority of VWC's CC&N area is within the Town of Buckeye's boundaries, whereas, a minor portion of WUGB is within the Town of Buckeye's boundaries. According to the joint application, all customer security deposits will be transferred to the VWC; and refunds due on Main Extension Agreements or on meter and line installations will be assumed by the VWC. VWC and WUGB have common ownership interests, the same office address, main phone number, On-Site Manager, and Certified Operator. Staff understands that the proposed transfer of assets and CC&N from WUGB to VWC will not result in any change in the management or operation of the water system. Certified operator personnel will not change as a result of the transfer. Basically, the transfer would result in VWC having two divisions. Hearing on the joint application is set for October 10, 2007.

On the other hand, the Town of Buckeye ("Town") is in the process of condemning the WUGB's water system and assets. According to the Town's Special Council Meeting Agenda of January 11, 2007, the Town made a pre-condemnation offer to WUGB, on June 30, 2006, to acquire the water system and assets for \$2,000,000. WUGB did not accept the Town's offer and on July 21, 2006, an action of eminent domain was filed in the Maricopa County Superior Court, No. CV2006-010954, to condemn the water system and assets of WUGB so that they may be operated by the Town as part of the Town's municipal water system while the final price to be paid for the acquisition is either settled or determined, if necessary, by a trial. The condemnation proceeding is ongoing. Staff recommends that WUGB be required to file with Docket Control, as a compliance item in this docket, a quarterly status report on the condemnation proceeding. The status report shall be filed within 30 days after the end of each calendar quarter and shall continue until further Order of the Commission.

Arizona Department of Environmental Quality ("ADEQ") Compliance

ADEQ or its formally delegated agent, the MCESD monitors for compliance. MCESD has determined that out of the four (4) existing water systems, three (3) systems (Sun Valley/Sweetwater I, Bulfer/Primrose, and Sonoran Ridge) are in compliance and currently delivering water that meets water quality standards required by Arizona Administrative Code,

Title 18, and Chapter 4. MCESD has determined that the Sweetwater II water system is in Substantial Compliance.

Staff recommends that WUGB file with Docket Control, as a compliance item in this docket, a copy of the MCESD Compliance Status Report showing that the Sweetwater II water system is in full compliance and delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, within six months of the effective date of the decision in this case.

Arizona Department of Water Resources ("ADWR") Compliance

WUGB is located within the Phoenix Active Management Area ("AMA"), as designated by ADWR. ADWR has indicated that the Companies are in compliance with the Phoenix AMA reporting and conservation requirements.²

Staff recommends that the Company be required to file with Docket Control, as a compliance item in this docket, a copy of the developers' Certificate of Assured Water Supply, within two years of the effective date of the final decision and order issued pursuant to this application.

ACC Compliance

According to the Utilities Division Compliance Section, WUGB has no outstanding ACC compliance issues.³

Arsenic and Other Water Quality Issues

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter ("µg/l") or parts per billion ("ppb") to 10 µg/l.

The Sweetwater II water system's arsenic and nitrate concentrations exceed 10 ppb. Presently, the system is effectively a consecutive system, serving water from City of Goodyear water system through an emergency connection. To address water quality deficiencies, WUGB is constructing a permanent interconnection with the City of Goodyear distribution system and a blending system with estimated completion prior to the end of 2007.

Sonoran Ridge water system's arsenic level is above 10 ppb. As a result, WUGB is planning to install an arsenic treatment system at the well site with estimated completion prior to the end of 2007.

² Per ADWR Compliance status check on April 25, 2007

³ Per ACC Compliance status check dated April 17, 2007

WUGB has not yet obtained AOCs issued by MCESD for the interconnect/blending infrastructure for Sweetwater II and the arsenic systems for Sonoran Ridge. Therefore, Staff recommends that WUGB file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the interconnect/blending infrastructure for the Sweetwater II water system, within six months of the effective date of the decision in this case. Staff further recommends that VWC file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the arsenic treatment systems for Sonoran Ridge water systems, within six months of the effective date of the decision in this case.

Curtailment Plan Tariff

WUGB has an approved curtailment tariff that became effective on January 26, 2005.

Proposed Rates

WUGB will provide water service to the extension area under its authorized rates and charges.

Franchise

Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority. If the applicant operates in an unincorporated area, the company has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

Staff recommends that WUGB be required to file with Docket Control, as a compliance item in this docket, a copy of the franchise agreement from Maricopa County for the requested area, within 365 days of the decision in this matter.

Recommendations

Staff recommends the Commission approve WUGB's application for an extension of its CC&N within portions of Maricopa County, Arizona, to provide water service, subject to compliance with the following conditions:

1. To require WUGB to charge its authorized rates and charges in the extension area.
2. To require WUGB to file with Docket Control, as a compliance item in this docket, a copy of the franchise agreement from Maricopa County for the requested area, within 365 days of the decision in this matter.

3. To require WUGB to file with Docket Control as a compliance item in this docket a copy of the developers' Certificate of Assured Water Supply, within two years of the effective date of the final decision in this application.
4. To require WUGB to file with Docket Control, as a compliance item in this docket, a copy of the MCESD ATC for facilities needed to serve the requested areas within two years of the effective date of an order in this proceeding.
5. To require WUGB to file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the addition of a well or wells with a minimum capacity of 300 GPM to the Sun Valley/Sweetwater I water system, within six months of the effective date of the decision in this case.
6. To require WUGB to file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the addition of a storage tank with a minimum capacity of 16,000 gallons to the Sweetwater II water system, within six months of the effective date of the decision in this case.
7. To require WUGB to file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the interconnect/blending infrastructure for the Sweetwater II water system, within six months of the effective date of the decision in this case.
8. To require WUGB to file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the arsenic treatment systems for Sonoran Ridge water system, within six months of the effective date of the decision in this case.
9. To require WUGB to file with Docket Control, as a compliance item in this docket, a copy of the MCESD Compliance Status Report showing that the Sweetwater II water system is in full compliance and delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, within six months of the effective date of the decision in this case.
10. To require WUGB to file with Docket Control, as a compliance item in this docket, a quarterly status report on the Town of Buckeye condemnation proceeding. The status report shall be filed within 30 days after the end of each calendar quarter and shall continue until further Order of the Commission.

Staff further recommends that the Commission's Decision granting the requested CC&N extension to WUGB be considered null and void after due process should WUGB fail to meet Conditions No. 2, 3, 4, 5, 6, 7, 8, and 9 listed above within the time specified.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III

FROM: Katrin Stukov *KS*
Utilities Engineer

DATE: August 24, 2007

RE: WATER UTILITY OF GREATER BUCKEYE
DOCKET NO. W-02451A-06-0792 (CC&N EXTENSION)

Introduction

Water Utility of Greater Buckeye ("WUGB" or "Company") has applied to extend its Certificate of Convenience and Necessity ("CC&N") to provide water service to the development known as Montana Vista (52 lots). The requested area will add approximately 70.5 acres to the Company's existing 4,273 acres of certificated area which consists of separate parcels in and around the Town of Buckeye in Maricopa County. The requested area is adjacent to one of these parcels, known as Sun Valley, and located within Section 1 of Township 1 N, Range 5 West and near the Company's Sun Valley / Sweetwater water system.

Existing Water Systems

The Company currently operates four (4) water systems and serves over 600 customers. The Table I below lists specific information about each system:

Table I¹

System Name	Sun Valley/ Sweetwater 1	Sweetwater 2	Bulfer / Primrose	Sonora Ridge
PWS ID#	07-195	07-129	07-114	07-732
# of wells	1	1	1	1
Total production (GPM)	300	40	40	150
# of storage tank	1	4	1	1
Total storage capacity (gallons)	120,000	44,000	140,000	200,000
Existing # of customers	378	93	88	58
Does system provides fire flow? ²	Yes	Yes	Yes	Yes
Is a storage capacity adequate	No	No	Yes	Yes
Is a production capacity adequate?	Yes	No	Yes	Yes
MCESD Compliance Status Date	Compliant 2/7/07	Substantial Compliance 4/19/07	Compliant 6/18/07	Compliant 2/5/07
Does arsenic level exceed standards?	No	Yes	No	Yes

¹ The information presented in the following Table I was based on submitted Water Use Data, Water System Data, Responses to Data Requests and Maricopa County Environmental Services Department's ('MCESD') Compliance Status Reports

² Based on the Company's 2005 Annual Report, WUGB water systems have fire hydrants. Therefore, Staff's Capacity Analysis includes minimum fire flows requirements

Capacity Deficiencies

Based on the Capacity Analysis, Staff concludes that out of four water systems, two of those systems have the following capacity deficiencies:

a). Sweetwater II

Based on the existing source production, storage capacity and water use data, both the production and storage capacities for this system are inadequate to serve the current customer base of 93 service connections. In response to the production deficiency issue, the Company has indicated that this system has an emergency connection to the City of Goodyear water system. Upon completion of the permanent interconnect infrastructure, the City of Goodyear will provide additional production capacity of 15 GPM to the existing capacity of 40 GPM. In order to resolve storage deficiency, Staff recommends an additional minimum storage capacity of 16,000 gallons. If these production and storage improvements are installed, the production capacity of 55 GPM and storage capacity of 60,000 gallons should adequately serve approximately 100 service connections (governed by storage capacity).

b). Sun Valley / Sweetwater I

The Company is proposing to extend the Sun Valley / Sweetwater I water system to serve the requested area. The water system's existing distribution lines are contiguous to the western border of the Montana Vista development.

The Company has predicted an additional 256 connections for the existing CC&N area and 52 for the proposed requested area at the end of five years, resulting in a projected total customer base of approximately 686 at the end of five years.

Based on the existing source production, storage capacity and water use data, the system's storage capacity is inadequate to serve the current customer base of 378 service connections. The Company has acknowledged this inadequacy and is proposing to add another well with estimated additional production capacity of 300 GPM and related infrastructure by October 31, 2007. If these production improvements are installed, the total anticipated production capacity of 600 GPM and storage capacity of 120,000 gallons should adequately serve approximately 800 customers (governed by storage capacity). Therefore, Staff concludes that if the additional plant facilities are installed and in service, the modified system should have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional five year planning period.

Requested Area's Proposed Plant Facilities

The requested area's proposed plant facilities will include on-site water lines within Montana Vista development. The Company submitted Engineer's Estimate with the breakdown of the proposed on-site water distribution system's components and costs at a total projected cost of \$128,915.

The summary of the plant facilities and costs follows:

1.	6-inch water main,	4,961 feet	\$74,415
2.	1-inch Tap Complete,	52 Ea.	\$22,100
3.	Fire Hydrant Complete,	16 Ea.	\$28,800
4.	6-inch V.B&C	6 Ea.	\$ 3,600
TOTAL:			<u>\$128,915</u>

The Company is proposing to fund the required plant facilities within the requested area by advances in aid of construction through the use of Main Extension Agreements.

Staff concludes that the proposed plant facilities to serve the requested areas and its cost estimate totaling \$128,915 appear to be reasonable. However, no "used and useful" determinations of the proposed plant items were made and no particular treatment should be inferred for rate making or rate base purposes.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status

ADEQ or its formally delegated agent, the Maricopa County Environmental Services Department ("MCESD") monitors for compliance. MCESD has determined that out of four (4) existing water systems, three (3) systems (Sun Valley/ Sweetwater I, Bulfer/Primrose and Sonoran Ridge) are in compliance and currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. MCESD has determined that Sweetwater II water system is in Substantial Compliance.

Water quality issues

a). Sweetwater II

According to the MCESD's Compliance Status Report, the Sweetwater II water system's well produces water quality with an arsenic level above 10 ppb and the nitrate level above 10 ppb. Presently, the system is effectively a consecutive system, serving water from the City of Goodyear water system through an emergency connection. To address

water quality deficiencies, the Company is constructing a permanent interconnection with the City of Goodyear distribution system and a blending system with estimated completion prior to the end of 2007.

b). Sonoran Ridge

The Company indicated that the Sonoran Ridge well produces water quality with an arsenic level above 10 ppb. As a result, the Company is planning to install an arsenic treatment system at the well site with estimated completion prior to the end of 2007.

Approval of Construction ("AOC")

WUGB has not yet obtained AOCs issued by MCESD for the following improvements:

- interconnect/blending infrastructure for Sweetwater II,
- additional storage tank for Sweetwater II,
- additional well for Sun Valley / Sweetwater I
- arsenic system for Sonoran Ridge

Approval to Construct ("ATC")

The Company has not yet obtained the MCESD ATC for the proposed water plant facilities needed to serve the requested area.

Arizona Department of Water Resources ("ADWR") Compliance

Compliance Status

The Company is located within the Phoenix Active Management Area ("AMA"), as designated by ADWR. ADWR has indicated that the Company is in compliance with the Phoenix AMA reporting and conservation requirements.³

Certificate of Assured Water Supply

The Company has not yet received a copy of the Developer's Certificate of Assured Water Supply issued by ADWR for the area being requested.

Arizona Corporation Commission ("ACC") Compliance

A check with the Utilities Division Compliance Section showed no outstanding compliance issues for the Company.⁴

³ Per ADWR Compliance status check on April 25, 2007

⁴ Per ACC Compliance status check dated April 17, 2007.

Curtailment Tariff

The Company has an approved curtailment tariff.

Backflow Prevention Tariff

The Company has an approved backflow prevention tariff.

Summary

Conclusions

1. MCESD has determined that out of four (4) existing water systems, three (3) systems (Sun Valley/ Sweetwater I, Bulfer/Primrose and Sonoran Ridge) are in compliance and currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. MCESD has determined that Sweetwater II water system is in Substantial Compliance.
2. Sonoran Ridge water system's arsenic concentrations exceed the new 10 ppb standard, and the Sweetwater II system's arsenic and nitrate concentrations exceeds 10 ppb.
3. The Sun Valley/Sweetwater I system has adequate source production capacity, but does not have adequate storage capacity to serve the current customer base.
4. The Sweetwater II system does not have adequate production and storage capacity to serve the current customer base.
5. The Sonoran Ridge and the Bulfer/Primrose systems have adequate source production capacity and storage capacity to serve the current customer base and a reasonable level of growth.
6. The Company has not yet received a copy of the Developer's Certificate of Assured Water Supply issued by ADWR for the area being requested.
7. A check with Utilities Division Compliance Section showed that there are currently no delinquencies for the Company. The Company has an approved Curtailment Tariff and Backflow Prevention Tariff.
8. Staff concludes that the proposed water plant facilities for the Montana Vista development and its cost estimate totaling \$128,915 seem reasonable. However, no "used and useful" determination of the proposed water and wastewater plant facilities was made and no particular treatment should be inferred for rate making or rate base purposes.

Recommendations

1. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the MCESD Compliance Status Report showing that Sweetwater II water system is in full compliance and delivering water that meets water quality standards required by Arizona Administrative Code, Title 18 within six months of the effective date of the decision in this case.
2. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, copies of the Approval of Construction issued by MCESD for the interconnect/blending infrastructure for Sweetwater II water system within six months of the effective date of the decision in this case.
3. Staff recommends that the Company resolve the Sweetwater II water system's storage capacity deficiency and file with Docket Control, as a compliance item in this docket, copies of the Approval of Construction issued by MCESD for the addition of a storage tank with a minimum capacity of 16,000 gallons to Sweetwater II water system within six months of the effective date of the decision in this case.
4. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the Approval of Construction issued by MCESD for arsenic treatment system for Sonoran Ridge within six months of the effective date of the decision in this case.
5. Staff recommends that the Company resolve the Sun Valley/Sweetwater I water system's capacity deficiency and file with Docket Control, as a compliance item in this docket, copies of the Approval of Construction issued by MCESD for the addition of a well or wells with a minimum capacity of 300 GPM to Sun Valley/Sweetwater I water system within six months of the effective date of the decision in this case.
6. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the Approval to Construct issued by MCESD for water plant facilities needed to serve the requested area within two years of the effective date of the decision in this case.
7. Staff recommends that the Company file with Docket Control, as a compliance item in the same docket, a copy of the Developer's Certificate of Assured Water, for the area being requested, within two years after the effective date of the decision in this case.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Barb Wells *bw*
Information Technology Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: February 9, 2007

RE: **WATER UTILITY OF GREATER BUCKEYE, INC. (DOCKET NO. W-02451A-06-0792)**
AMENDED LEGAL DESCRIPTION

The area requested by Greater Buckeye for an extension has been plotted using an amended legal description, which has been docketed. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached is a copy of the map for your files.

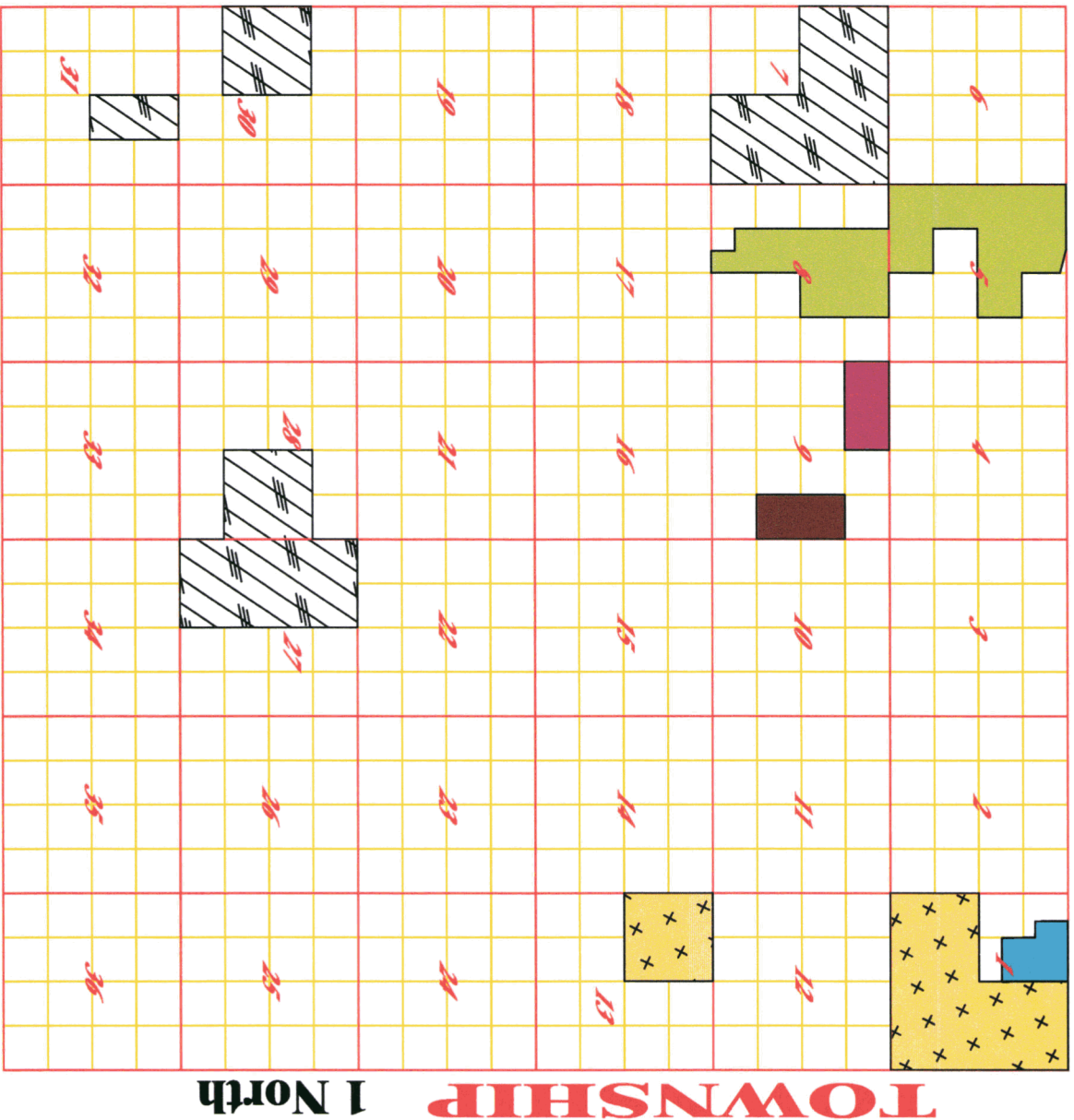
:bsw

Attachments

cc: Mr. Graham Symmonds
Ms. Deb Person (Hand Carried)
File

COUNTY: Maricopa

RANGE 5 West



TOWNSHIP 1 North

W-2451 (5)

Water Utility of Greater Buckeye, Inc.

W-2450 (11)

Water Utility of Greater Tonopah, Inc.
(Sunshine)

Hassayampa Water Co-op
Adjudicated 'Not a Public Service Corporation'

(5)

Water Utility of Greater Tonopah, Inc.
Docket No. W-02450A-06-0626
Application for Extension

(5)

Water Utility of Greater Buckeye, Inc.
Docket No. W-02451A-06-0666
Application to Transfer to
Valencia Water Company
Docket No. W-01212A-06-0666

(6)

Hassayampa Utility Company, Inc.
Docket No. SW-20422A-06-0566
Application for Extension

(1)

Water Utility of Greater Buckeye, Inc.
Docket No. W-02451A-06-0792
Application for Extension

MONTANA VISTA

PROPERTY DESCRIPTION

BEING A PART OF THE NORTHWEST QUARTER OF SECTION 1,
TOWNSHIP 1 NORTH, RANGE 5 WEST OF THE GILA AND SALT
RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA
MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH QUARTER CORNER OF SAID SECTION 1;
THENCE S 00°19'17" E, COINCIDENT WITH THE EAST LINE OF
THE NORTHWEST QUARTER OF SAID SECTION 1, A DISTANCE OF
1967.72 FEET;
THENCE N 89°42'11" W, A DISTANCE OF 1320.38 FEET;
THENCE N 00°20'10" W, A DISTANCE OF 984.38 FEET;
THENCE N 89°47'43" W, A DISTANCE OF 487.69 FEET;
THENCE N 00°21'03" W, A DISTANCE OF 975.17 FEET TO A
POINT ON THE NORTH LINE OF SAID SECTION 1;
THENCE S 89°59'13" E, ALONG SAID NORTH LINE, A
DISTANCE OF 1808.75 FEET TO THE TRUE POINT OF
BEGINNING.

CONTAINING IN AREA: 3,070,237 SQUARE FEET OR
70.483 ACRES MORE OR LESS.

CERTIFICATION:

I, MICHAEL J. THOLL, HEREBY CERTIFY THAT I AM A REGISTERED
LAND SURVEYOR IN THE STATE OF ARIZONA, THAT THIS PLAT,
CONSISTING OF (7) SHEETS, CORRECTLY REPRESENTS A BOUNDARY
SURVEY MADE UNDER MY SUPERVISION DURING THE MONTH OF
NOVEMBER, 2005 THAT THE SURVEY IS TRUE AND COMPLETE AS SHOWN, THAT
ALL MONUMENTS SHOWN ACTUALLY EXIST OR WILL BE SET AS SHOWN,
AND THAT THEIR POSITIONS ARE CORRECTLY SHOWN AND THAT SAID
MONUMENTS ARE SUFFICIENT TO ENABLE THIS SURVEY TO BE RETRACED.
ALL LOT CORNERS HAVE BEEN OR WILL BE PERMANENTLY SET BY
COMPLETION OF CONSTRUCTION.

BY: _____

MICHAEL J. THOLL
REGISTERED LAND SURVEYOR
REGISTRATION #22283
SAGE ENGINEERING CORPORATION

